



**CITY OF LODI
COUNCIL COMMUNICATION**

AGENDA TITLE: Set Public Hearing to Consider Adoption of Ordinance Establishing Low Income Discounts for Water and Wastewater Ratepayers

MEETING DATE: June 21, 2006

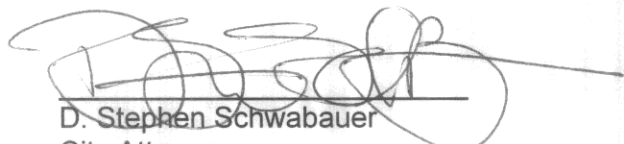
PREPARED BY: City Attorney

RECOMMENDED ACTION: Set Public Hearing for July 5, 2006 to consider adoption of Ordinance establishing Low Income Discounts for Water and Wastewater ratepayers.

BACKGROUND INFORMATION: A question has arisen about whether the City of Lodi's low income discount program (known as SHARE - Ordinance 1750 introduced August 4, 2004), Senior Fixed Income Discount Program (also Ordinance 1750), the establishment of low-income water, sewer and refuse services (Resolution 2004-158 adopted August 4, 2004, and CARE package program (Resolution 2004-159 adopted August 4, 2004) can be funded by the rate structure under proposition 218. This question only applies to the water and wastewater programs because the electric utility is specifically exempted from Proposition 218, and the refuse utility is privately owned and exempt from Proposition 218. Proposition 218 provides that: "The amount of a fee or charge imposed upon any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service attributable to the parcel." However, I do not believe this language prevents low-income discounts from being funded through the rate structure. First, low-income discounts are ubiquitous in the utility industry: Publicly regulated but privately owned utilities such as electric, gas and phone provide them across the country. Moreover, they provide a bad debt management tool that allows the collection of a portion of a bill that may otherwise never be collected in exchange for a reduced rate, a direct benefit to ratepayers at large. These programs also reduce the cost of bill collection and demands on staff time for collection issues.

Unfortunately, to date, no court has squarely addressed the issue. Based on this uncertainty, Council decided to proceed with an election to validate them. In order to call that election, Council must first hold a public hearing on the program, adopt it and then call for the special election.

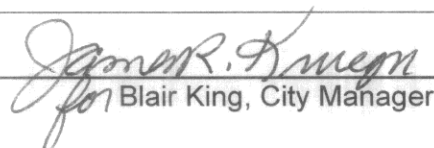
FUNDING: Water/Wastewater Funds


D. Stephen Schwabauer
City Attorney

DSS/pn

Attachment

APPROVED:


for Blair King, City Manager



***Please immediately confirm receipt
of this fax by calling 333-6702***

CITY OF LODI
P. O. BOX 3006
LODI, CALIFORNIA 95241-1910

ADVERTISING INSTRUCTIONS

SUBJECT: NOTICE OF PUBLIC HEARING FOR JULY 5, 2006, FOR THE ADOPTION OF
ORDINANCE ESTABLISHING LOW INCOME DISCOUNTS FOR WASTER
AND WASTEWATER RATEPAYERS

LEGAL AD

PUBLISH DATE: SATURDAY, JUNE 24, 2006 & JULY 1, 2006

TEAR SHEETS WANTED: Three (3) please

SEND AFFIDAVIT AND BILL TO: JENNIFER M. PERRIN, INTERIM CITY CLERK
City of Lodi
P.O. Box 3006
Lodi, CA 95241-1910

DATED: THURSDAY, JUNE 22, 2006

ORDERED BY: JENNIFER M. PERRIN
INTERIM CITY CLERK

JENNIFER M. PERRIN, CMC
INTERIM CITY CLERK

JACQUELINE L. TAYLOR, CMC
DEPUTY CITY CLERK


DANA R. CHAPMAN
ADMINISTRATIVE CLERK

Verify Appearance of this Legal in the Newspaper – Copy to File

LNS Faxed to the Sentinel at 369-1084 at 4:00pm (time) on 6/22/06 (date) 3 (pages)
DIANE Phoned to confirm receipt of all pages at 4:30p (time) JLT DRC JMP (initials)



DECLARATION OF POSTING

PUBLIC HEARING FOR JULY 5, 2006, FOR THE ADOPTION OF ORDINANCE ESTABLISHING LOW INCOME DISCOUNTS FOR WATER AND WASTEWATER RATEPAYERS

On Friday, June 23, 2006, in the City of Lodi, San Joaquin County, California, a Notice of Public Hearing for July 5, 2006, for the Adoption of Ordinance Establishing Low Income Discounts for Water and Wastewater Ratepayers.

Lodi Public Library
Lodi City Clerk's Office
Lodi City Hall Lobby
Lodi Carnegie Forum

I declare under penalty of perjury that the foregoing is true and correct.


Executed on June 23, 2006, at Lodi, California.

ORDERED BY:

**JENNIFER M. PERRIN
INTERIM CITY CLERK**

JENNIFER M. PERRIN, CMC
INTERIM CITY CLERK

JACQUELINE L. TAYLOR, CMC
DEPUTY CITY CLERK



DANA R. CHAPMAN
ADMINISTRATIVE CLERK



CITY OF LODI

Carnegie Forum
305 West Pine Street, Lodi

NOTICE OF PUBLIC HEARING

Date: July 5, 2006

Time: 7:00 p.m.

For information regarding this notice please contact:

Jennifer M. Perrin
Interim City Clerk
Telephone: (209) 333-6702

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that on **Wednesday, July 5, 2006**, at the hour of 7:00 p.m., or as soon thereafter as the matter may be heard, the City Council will conduct a public hearing at the Carnegie Forum, 305 West Pine Street, Lodi, to consider the following matter:

- a) Adoption of resolution establishing low-income discounts for water and wastewater ratepayers (see Exhibit A attached)

Information regarding this item may be obtained in the City Attorney's Office, 221 West Pine Street, Lodi, (209) 333-6701. All interested persons are invited to present their views and comments on this matter. Written statements may be filed with the City Clerk, City Hall, 221 W. Pine Street, 2nd Floor, Lodi, 95240 at any time prior to the hearing scheduled herein, and oral statements may be made at said hearing.

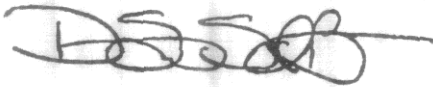
If you challenge the subject matter in court, you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice or in written correspondence delivered to the City Clerk, 221 West Pine Street, at or prior to the close of the public hearing.

By Order of the Lodi City Council:


Jennifer M. Perrin
Interim City Clerk

Dated: June 21, 2006

Approved as to form:



D. Stephen Schwabauer
City Attorney

EXHIBIT A

A RESOLUTION OF THE LODI CITY COUNCIL
ESTABLISHING LOW-INCOME DISCOUNTS FOR
WATER AND SEWER SERVICES

WHEREAS, with the implementation of new water, sewer, and refuse rates and charges adopted April 27, 2004, the Lodi City Council adopted Ordinance No. 1750 amending Lodi Municipal Code Chapter 13.04, §13.04.130, "Low Income Adjustments," at its September 15, 2004, City Council meeting; and

WHEREAS, the City Council now desires to adopt a resolution establishing Water and Sewer Services discounts for eligible low-income residents, and further desires to place the Resolution on the November 2006 ballot for citizen approval.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED that the Lodi City Council does hereby approve and establish low-income discounts for water and sewer services as shown below, which shall become effective the first billing period following the effective date of this Resolution:

For Residential Customers who qualify for the Electric SHARE Program discount:

Water	20%	Discount on the Residential Flat Rate
Wastewater	20%	Discount on the Residential Flat Rate for Disposal to the Domestic System

OR,

For Residential Customers who qualify for the Electric Senior/Fixed-Income discount:

Water	10%	Discount on the Residential Flat Rate
Wastewater	10%	Discount on the Residential Flat Rate for Disposal to the Domestic System

BE IT FURTHER RESOLVED that the water and wastewater discounts shall be funded by the ratepayers, collected with utility bills; and

BE IT FURTHER RESOLVED that the programs will be limited to two percent (2%) of the revenue of each utility. At current revenue levels this equals \$164,630 per year in wastewater and \$164,234 in the water utility; and

BE IT FURTHER RESOLVED that the City Council does hereby direct staff to institute a verification program whereby every three years 10% of 1/3 of the applicants' eligibility is re-confirmed; and

BE IT FURTHER RESOLVED that this Resolution shall be placed on the November 7, 2006 Ballot for citizen approval.

Dated: July 5, 2006

I hereby certify that Resolution No. 2006-_____ was passed and adopted by the City Council of the City of Lodi at its regular meeting held July 5, 2006, by the following vote:

AYES:	COUNCIL MEMBERS –
NOES:	COUNCIL MEMBERS –
ABSENT:	COUNCIL MEMBERS –
ABSTAIN:	COUNCIL MEMBERS –

JENNIFER M. PERRIN
City Clerk

2006-_____